

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6689

BILL NUMBER: HB 1554

NOTE PREPARED: Jan 27, 2015

BILL AMENDED:

SUBJECT: Hospital Liens.

FIRST AUTHOR: Rep. Lehman

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☒ **FEDERAL**

IMPACT: State & local

Summary of Legislation: This bill amends the law concerning hospital liens to allow a hospital lien to apply to a judgment, cause of action, suit, or claim accruing to a patient under: (1) a policy of disability insurance; or (2) automobile or homeowner's insurance that provides for medical payments.

The bill makes a conforming amendment.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *Department of Insurance (DOI):* under current law, hospitals are required to provide notice of a lien with the DOI in order to provide notice to insurers. The DOI has an on-line lien filing system and should be capable of providing for an increased number of filings within the current level of resources available to the agency.

Medicaid: The fiscal impact is indeterminate. However, expansion of the types of insurance under which hospitals may file liens may result in fewer Medicaid claims for hospital expenses of Medicaid-eligible persons who may have been injured or become ill as a result of negligence of a person or a corporation. Consequently, the bill could result in a reduction in Medicaid expense.

The bill does not affect the Medicaid program's ability to file a lien against a recovery. The administrative fiscal impact should be associated with a small reduction in administrative expense necessary to file Medicaid liens against a personal injury recovery.

The bill allows hospitals to file liens on more types of recoveries. There are no data available on the number

of claims that may be involved.

Medicaid is jointly funded by the state and federal governments. The effective state share of program expenditures is approximately 33.5% for most current services. Current Medicaid medical services are matched by the effective federal match rate (FMAP) in Indiana at approximately 66.5%. Administrative expenditures with certain exceptions are matched at the federal rate of 50%.

Explanation of State Revenues: [See *Explanation of State Expenditures*.]

Explanation of Local Expenditures:

Explanation of Local Revenues: Local recording fee revenues would be increased to the extent that local hospitals file additional liens with a recorder's office and pay the associated fees. The impact on local revenue is indeterminate.

State Agencies Affected: Family and Social Services Administration, Medicaid; Department of Insurance.

Local Agencies Affected: County recorder's offices and local government-owned hospitals.

Information Sources:

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